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Attachment 1

18 August 1958

**MEMORANDUM FOR: The Honorable C. Douglas Dillon
The Under Secretary of State for
Economic Affairs
Department of State
Washington 25, D. C.**

REFERENCES:

- 1. Letter to Clarence B. Randall from
Mansfield D. Sprague, August 11, 1958**
- 2. CFEF 566/3, August 5, 1958**

1. The referenced documents discuss recent changes in the coverage of the international trade control lists. These changes are not, of course, adequately expressed in purely quantitative terms. As you know, coverage of some items and industry groups has been expanded to provide embargo of newly developed technology and of other items now considered of greater strategic significance to the Sino-Soviet Bloc than in previous negotiations; coverage of other items and industry groups has been reduced as a result of the rapid growth of Soviet technology in recent years and as a result of a difficult negotiating situation. More importantly, the number of items retained, deleted, or added does not reflect the significance of the item to the Bloc's military capabilities.

2. There has been considerable growth in Sino-Soviet Bloc

production and military capabilities over the past four years, as there had been such growth in the years preceding 1954, when the last revision of the list was made. A primary question posed by recent negotiation is thus not a question of the number of units presently embargoed versus the number formerly embargoed; it is, rather, a question of the impact of embargo upon the Sino-Soviet Bloc. The recent negotiations have preserved concert of action among the participating countries to embargo military equipment and a wide range of materials and equipment related to the production and utilization of military items. It is, moreover, the judgment of CIA that the recent reduction in coverage of the COMCOM embargo would not result in a significant increase in the Sino-Soviet Bloc's overall military-industrial capability.

/s/

ROBERT AMORY, JR.
Deputy Director /Intelligence